



Delta Diablo Sanitation District

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June 2, 2008

Mr. Jonathan A. Sacks, CFA
Director, Business Development and Transactions
Mirant Corporation
P. O. Box 192
Pittsburg, CA 94565

DOCKET	
08-AFC-3	
DATE	JUN 3 2008
RECD.	JUN 0 5 2008

**SUBJECT: DELTA DIABLO SANITATION DISTRICT RECYCLED WATER AVAILABILITY,
MARSH LANDING GENERATING STATION**

Dear Mr. Sacks:

I appreciate the conversations that Mirant has initiated with me and my staff regarding Mirant's power plant development efforts in the Antioch area.

It is our understanding that Mirant is developing plans for the Marsh Landing Generating Station, a new electric generating station at its existing Contra Costa Power Plant, which could be in partial operation in summer 2011 and full operation in 2012. This new facility plans to use recycled water from Delta Diablo Sanitation District (DDSD) and return the wastewater back to DDSD.

As part of our discussions, my staff has analyzed DDSD's current and expected plant flows for the years to 2011 and beyond. Based on this analysis, DDSD has sufficient uncommitted quantities of recycled water to support Mirant's anticipated peak usage of 1.5 million gallons per day at a peak flow of 1,400 gallons per minute of recycled water.

Delivery of recycled water to Mirant would require certain upgrades to the DDSD system, including expanded treatment facilities and installation of new conveyance pipelines to be paid for by Mirant. In addition, DDSD standard rates and fees for recycled water would apply. Annexation to the District's service area would also be required if the pending application at the Local Agency Formation Commission (LAFCO) is not approved, and a formal notification process with Contra Costa Water District is required. Subject to DDSD Board approval of a definitive agreement between DDSD and Mirant, DDSD is willing to make such water available to Mirant for its proposed generation facility.

In addition, it is our understanding that process and sanitary wastewater from Mirant's project will be discharged to the DDSD system through the City of Antioch's local wastewater collection system, or separately conveyed to the DDSD discharge facilities similar to the approach taken for the other two power plants DDSD already serves. The peak discharge flow is estimated to be approximately 600 gallons per minute. Options are available for accommodating this discharge. DDSD will work with

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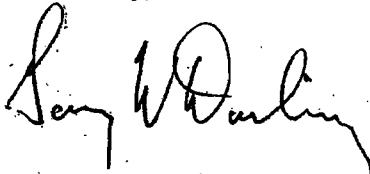
DELTA DIABLO SANITATION DISTRICT RECYCLED WATER AVAILABILITY - MARSH
LANDING GENERATING STATION

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Mirant and City representatives to determine the most suitable option to optimize Mirant and DDSD needs. As with the recycled water, where applicable, Mirant would be responsible for standard rates and fees for the conveyance, treatment, and disposal of the wastewater. Mirant would also be responsible for costs associated with facilities specifically required to accommodate the discharge.

If I may be of further assistance to you in the development of your project, please feel free to contact me.

Sincerely,



Gary W. Darling
General Manager

GWD:dj

cc: File RWF.CORRES-X
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